



STATE OF CONNECTICUT TEACHERS' RETIREMENT BOARD

ADMINISTRATIVE PROCEDURES MANUAL

Revised January 2006

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THE CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Connecticut Teachers' Retirement System is governed by Chapter 167a of the Connecticut General Statutes as amended. The Teachers' Retirement Board, located in Hartford, manages the system. The Board is made up of twelve members: three active teacher members, two retired teacher members, the Commissioner of the Department of Social Services, the Commissioner of the State Board of Education and five public members appointed by the Governor. All Board members serve without pay but are reimbursed for necessary expenses.

We recognize that the key to effective record keeping and reporting rests with the ability of local school districts to understand their complex role in the Retirement System.

With this goal in mind, we have developed The Connecticut Teachers' Retirement System Administrative Procedures Manual to assist payroll and personnel staff who are charged with Retirement System reporting responsibilities. We hope that it will make your task easier and provide you with a better understanding of how, when and why information is reported and maintained.

This manual is designed as an overview of the Teachers' Retirement System. It is a summary of the more important provisions of the law. It is not intended to be a complete description of all the provisions. If there is any disagreement between the wording of the law and this manual, the official wording of the law will always govern.

Please be sure to visit the official Connecticut Teachers' Retirement Board Web site at www.ct.gov/trb for updated information, forms and instructions.

MEMBERSHIP

Eligibility

Membership in the Connecticut Teachers' Retirement System is compulsory for all certified personnel of Connecticut public schools who are employed under an oral or written agreement as:

- . Teachers
- . Permanent Substitute Teachers employed for the full school year
- . Principals, Assistant Principals or Supervisors
- . Superintendents, Assistant Superintendents

Who meet all of the following requirements:

1. Possess a certificate or permit issued by the State Board of Education for the position in which they are employed.
2. Occupy a position, which requires the incumbent to possess certification*.
3. Work an average of at least one half of a school day.

*Members of the professional staff of the State Board of Education or the Board of Higher Education or any of its constituent units are exempt from certification requirements.

Membership in the Teachers' Retirement System will begin the month in which employment began provided it is on the first working day of the month. Members who receive certification during the calendar month are eligible for membership for that month, providing they were employed on the first working day of that month.

Members of the Teachers' Retirement System earn one month of credited service for each month worked from September 1 through June 30 to a maximum of 10 months in a school year. Ten months of Connecticut public school service equals one year of service.

If you have reported an employee as a member of the Retirement System and later realize that the employee was not eligible for membership, report the reason for the error on a memorandum and send it to the Teachers' Retirement Board. The Teachers' Retirement Board will process a refund of contributions directly to the member.

Part-Time Teachers

Membership in the Retirement System is limited to those teachers who work an average of at least half a school day. For purposes of determining whether a teacher is employed at the minimum 50% requirement the following rules are applicable:

- The teacher works half-days each day school is in session.
- The teacher works a varying schedule, which in aggregate would be equivalent to a half-time schedule (e.g. 3 days one week, 2 days the following week in any month school is in session).

Occasionally you may have teachers in your employ who work less than half time but who also work in another school system. If their aggregate employment is equal to half-time or more, these teachers should be reported as active members of the system and be enrolled as members by each school system as soon as their aggregate assignment is equivalent to half-time. It is the member's responsibility to notify you that they are also working in another school district.

Members employed at part-time (minimum 50%), will receive a month of credit for each month worked. The monthly pension benefit for these individuals will be calculated proportionate to the amount of time they worked part-time.

Refer to page 15 of this manual for specific instructions on determining and reporting the **full-time-equivalency (FTE)** of part-time teachers.

Charter Schools

Unlike school professionals employed by local or regional boards of education, participation for professional staff members employed by a Charter School is not a mandatory, but rather a **voluntary election**.

Eligible school professionals employed in a Charter School may elect to participate in the State of Connecticut Teachers' Retirement System (CTRB) in the same basis and manner as if such employment were being performed for a local or regional board of education.

In order to be eligible for membership the school professional must:

1. Be employed for at least an average of half-time and,
2. Serve in a position requiring certification and,
3. Possess appropriate certification for the position held.

In no event may a non-certified employee elect to participate in CTRB.

All other reporting requirements, laws and regulations related to CTRB requirements and benefits apply to professional staff members of Charter Schools who become members of CTRB.

School Business Administrators

Public Act 83-423 established the new classification of School Business Administrator and the authority for the State Department of Education to adopt regulations for the issuance of certificates covering such positions. Individuals serving in the position of School Business Administrator on July 1, 1983 were deemed to have met all of the requirements for certification as of that date. Public Act 84-255 further amended the Education Act (Section 10-145d. CGS) to specifically exclude any individual certified as a School Business Administrator from the definition of "teacher" unless such individual holds a regular teacher's certificate and is employed as a teacher, principal, supervisor or school superintendent. Similarly, School Business Administrators are not included within the statutory definition of "teacher" in the Teachers' Retirement Act.

Individuals who became certified as a School Business Administrator under Endorsement Code 085 and serve in such capacity after July 1, 1983 will **not** be eligible for membership or allowed continuing membership in the system.

Teachers who are currently members of the system and are contemplating a career change to accept a position as a School Business Administrator should be made aware that service in such a position is not eligible for membership in the system.

Chapter I Tutors/ Title VI Tutors

Regulations adopted by the State Department of Education have clarified the status of individuals who serve as Chapter I / Title VI Tutors. Tutors are deemed to be teachers, requiring the possession of a teaching certificate if they meet **any** of the following conditions:

1. They are not directly supervised in the delivery of instructional services by a professional certified employee in a position requiring certification.
2. They are responsible for the planning of the instructional program for the student.
3. They evaluate student progress.
4. They do not receive specific directions from their supervising teacher or administrator in developing specific lesson plans.

Tutors, who possess a certificate but do not perform any of the functions described above, are not deemed to be teachers. These individuals should not be reported to the retirement system as members of the system or certified personnel.

Since duties may vary, it is necessary that each tutor position be evaluated based on the above guidelines.

ANNUAL SALARY

Annual Salary is defined in Sec.10-183b(3) of the Connecticut General Statutes as the annual salary for service as a Connecticut teacher during a school year but not including unused sick leave, unused vacation, terminal pay or coaching, unless compensation for coaching was included in the salary for which contributions were made prior to July 1, 1971. In no event shall annual salary include amounts determined by the board to be included for the purpose of inflating the member's average annual salary. The inclusion in annual salary of amounts paid to the member, in lieu of payments by the employer for the cost of benefits, insurance, or individual retirement arrangements which in prior years had been paid by the employer and not included in the member's salary, shall be prima facie evidence that such amounts are included for the purpose of inflating the member's average salary. Annual salary shall not include payments to a Superintendent pursuant to an individual contract between such Superintendent and a Board of Education, of amounts, which are not included in base salary.

Generally, annual salary is the rate specified in the contract or agreement between the teacher and the employer where the teacher to be employed for the full school year.

Includable Payments

1. Payment for teaching assignments:

- a) requiring certification from the State Department of Education;*
- b) for which the teacher holds the requisite certification;
- c) resulting in academic credit and a grade being granted to the students;
- d) which are an ongoing program or course offering (as evidenced, for example, by inclusion in the school's Program of Studies or Listing of Course Offerings) as opposed to being offered intermittently or irregularly.

*Members of the professional staff of the State Board of Education or the Board of Higher Education or any of its constituent units are exempt from certification requirements.

2. Longevity Payments based on the member's years of service, which are paid either as a lump sum or as part of the member's annual salary provided such payments are made uniformly based on years of service are recurring payments which increase relative to the length of service, and are not directed or timed by the member.
3. Department Head/Coordinator Stipends paid to individuals in addition to their annual salary for ongoing supervisory and/or programmatic responsibilities. Stipends paid to Team Leaders in elementary or middle schools, where the function of a Team Leader is similar to that of a Department Head/Coordinator in secondary schools, are includable even though specific certification is not required for Team Leaders.
4. Payment for additional duties beyond the regular school year performed by Guidance Counselors, Social Workers and School Psychologists as part of their overall job responsibilities.

5. Coaching Assignments on which contributions were made prior to July 1, 1971, and concerning which the member made written authorization to the Board to continue such contributions as part of his/her annual salary.
6. Adult Education teaching assignments in a program for adults for which high school credit is granted leading to a diploma provided that the teacher is certified for such assignment.

Although the vast majority of teachers are paid on the basis of an annual salary specified in the contract or agreement, there may be situations in which the member is receiving compensation under a separate contract or other form of agreement. Assuming these payments are included as part of a member's annual salary, such salaries should be reported to the Teachers' Retirement Board at the beginning of the school year or at such time as the assignment commences.

Excludable Payments

1. Compensation for extra duty assignments.
2. Coaching assignments after July 1, 1971.
3. Terminal pay.
4. Unused sick and vacation pay.
5. Payments to the employee to cover anticipated expenses expected to be incurred, or as reimbursement for actual expenses incurred, by the employee in the performance of the employee's duties.
6. The cost of fringe benefits provided by the employer, including, but not limited to, insurance premiums and non-elective contributions to a tax sheltered annuity (TSA).
7. Any payment to the member, the timing of which may be directed by the member.
8. Any payment for summer school work, as defined in Section 10-74a of the Connecticut General Statutes.
9. Any payment for assigned responsibilities related to curriculum development, unless such assignment is part of the member's regular duties and the salary is included in the member's annual contract of employment.
10. Any other payments to a Superintendent of Schools pursuant to an individual contract between the Superintendent and a Board of Education of amounts which are not included in base salary.

Superintendent's Base Salary

The Superintendent's "Base Salary" is defined as that element of compensation specifically and separately stated and paid to the Superintendent of Schools pursuant to an individual contract of employment in installments throughout the term of the contract, except that if a portion of such separately stated salary is deferred by means of a legally binding salary reduction agreement for the purpose of making premium payments on a tax sheltered annuity, such deferred salary shall be included in the Superintendent's base salary.

Example of Acceptable Base Salary:

- Superintendent Jones' base salary is \$110,000, which includes an elective tax sheltered annuity in the amount of \$10,000.
- Superintendent Jones' base salary consists of two (2) parts:
A salary of \$100,000 plus
An elective tax sheltered annuity in the amount of \$10,000.

Avoid terms such as "compensation". It is important that the term "Base Salary" be clearly stated and defined within the contract.

A tax-sheltered annuity that is paid by the employee through a reduction in his salary (elective deferral) is included for CTRB salary purposes.

Any annuity contribution based on a percentage of salary or as a stated dollar amount paid or purchased by a Board of Education directly to an insurance or investment company is additional compensation (non-elective deferral) and is **not includible** as salary for purposes of TRS.

Worker's Compensation Guidelines

1. Members who are receiving documented Worker's Compensation Benefits will be considered as active members of the retirement system during such period benefits are payable.
2. The annual salary will be the annual salary the member would have received if actively engaged in teaching.
3. Contributions necessary to obtain full credit must be based on the annual salary rather than the actual/partial amount paid under Worker's Compensation.
4. The member may obtain credit by any of the following methods:
 - a) Payroll deductions from partial salary being paid by the employer.
 - b) Monthly personal payments
 - c) In a lump sum, but interest will accrue from the date the case is settled to the date of payment.
5. The Retirement Board should be notified of pending Worker's Compensation claims that will result in absences of more than one month.

Adult Education Assignments

Subsection (b) of Section 10-1831-25 of the Regulations of State Agencies specifies the types of compensation which may be included as part of a member's salary for purposes of the Teachers' Retirement System.

Subpart (6) of this regulation has been added to include the following:

Payment for additional teaching assignments in a program ***for adults for which high school credit is granted leading to a diploma provided the teacher is certified for such assignment.***

Teachers serving in the General Education Development Program or External Diploma Program are not affected by this regulation.

Compensation paid to teachers who serve as Adult Education teachers in your school district will be subject to mandatory retirement contributions if **all** of the following conditions are met:

1. The teacher is serving as an Adult High School Credit Diploma Program, and is employed an average of half-time or greater.
2. The teacher holds certification in the High School Credit Diploma Program.
3. The hourly rate of pay is at least equivalent to the hourly rate of pay for a beginning day school teacher.

Employers will be required to withhold mandatory contributions on the earnings of teachers who serve in such programs and who are active participants of the Teachers' Retirement System.

Because of the nature of these assignments, you may not be able to program these additional salaries at the beginning of the school year. The additional salary and contributions should be reported on the next transmittal of retirement contributions to CTRB.

School Athletic Director

Additional salary for duties as School Athletic Director may or may not be included, as part of a member's annual salary depending upon the duties of the position and the type of certification required.

State Department of Education regulations require a Coordinator of Athletics or Director of Athletics to possess an appropriate certificate covering the duties of the position if 20 percent or more of the assigned duties involve administration or supervision, or when the position requires summative evaluation of certified staff. This has been interpreted to be an Intermediate Administrator or Supervisor Certificate.

An individual who performs administrative/supervisory duties and or evaluation of certified staff and is required to possess an Intermediate Administrator or Supervisor Certificate under Endorsement Code 092 for these duties, would have such compensation **included** as part of his/her annual salary.

An individual who is employed as Director of Athletics and whose responsibilities include scheduling, purchasing of supplies, maintaining inventory and facilities, arranging transportation etc. would not be required to possess specialized certification for these duties. Accordingly, such compensation would not be considered as service as a teacher since such duties could be performed by non-certified staff and would therefore be **excluded** from annual salary.

Pensionable and Earnable Compensation

To facilitate the processing of data, CTRB has developed a software package that must be used to report monthly salary, contribution and F.T.E. information. This software can be integrated directly with a payroll system or used as a stand-alone program. The specific procedures required to create and transmit member information are outlined in the **Transmittal Reporting Software User Manual**.

Pensionable Compensation is member's compensation that is subject to mandatory contributions during the reporting period (month) excluding any other compensation that the member may receive that is exempt for purposes of the retirement system. Pensionable compensation must be greater than zero and must be less than, or equal to, earnable compensation. Monthly pensionable compensation is annual pensionable compensation divided by 10. You divide by 10 because TRB operates on a 10-month year (September-June).

Earnable Compensation is defined as the maximum compensation that the member could earn on a **full-time basis** that would be subject to mandatory contributions. Earnable compensation must be greater than zero and must be greater than or equal to pensionable compensation. Monthly earnable compensation is annual earnable compensation divided by 10. You divide by 10 because TRB operates on a 10-month year (September-June).

Full-time-equivalent percentage (FTE%) must be greater than zero and should equal pensionable compensation divided by earnable compensation.

Full-time-equivalency (FTE)

To determine the **full-time-equivalent percentage (FTE)** of a teacher, a calculation must be made as to the proportion of time that the teacher works to that of a full-time teacher.

Whether the teacher works on an hourly basis or on an intermittent basis during any school month, the standard of determining the FTE should be based on the schedule of a full-time teacher.

For example, a teacher scheduled to work 4 out of 6 scheduled classes for each day school is in session should be reported as .667 FTE. Likewise, a teacher who is scheduled to work 670 hours during the school year in which a full-time teacher is scheduled to work 1000 hours would be considered as working a schedule of .670 FTE.

Do not make the common mistake of reporting late starting full-time teachers as being at less than 1.000 FTE. For example, a teacher who begins service on October 1st on a full-time schedule should not be reported as .900 FTE but rather 1.00 FTE with a starting date of October 1st.

The determination of the FTE is of importance in ultimately determining the amount of the member's mandatory contributions and the member's retirement benefit. Although the member is working less than full-time he/she will receive credited service in the same manner as a full-time teacher, but will receive a retirement benefit that is directly proportional to that of a full time teacher.

You will be required to report the scheduled FTE of each teacher in your employ at the beginning of each school year on the September transmittal. Changes in FTE that occur during the year can be reported on the next transmittal file of retirement deductions sent by your business office.

Salary Changes

For purposes of determining the effective date of the change and the amount of deductions required, you should use the first of the month following the month in which the change occurred, unless the change became effective on the first working day of the month.

Example: Salary changed from \$50,000.00 to 52,000.00 on 10/15/1999.

Change effective date for CTRB - 11/01/1999*

<u>Month</u>	<u>Pensionable</u>	<u>Earnable</u>	<u>Service</u>
September	\$5,000.00	\$5,000.00	01
October	\$5,000.00	\$5,000.00	01
November*	\$5,200.00	\$5,200.00	01
December	\$5,200.00	\$5,200.00	01
January	\$5,200.00	\$5,200.00	01
February	\$5,200.00	\$5,200.00	01
March	\$5,200.00	\$5,200.00	01
April	\$5,200.00	\$5,200.00	01
May	\$5,200.00	\$5,200.00	01
June	\$5,200.00	\$5,200.00	01
Total annual salary for the entire school year would be \$51,600.00.			

MANDATORY CONTRIBUTIONS EMPLOYER PICK-UP

Statutes governing the Retirement System require that the employer withhold and remit to the Retirement Board each month (September-June) seven and one-quarter percent of one tenth of the member's annual salary for service as a teacher. These contributions are identified as six (6) percent and one and one-quarter (1.25) percent contributions. Of the mandatory 7.25% contributions, 6% is posted in the member's membership/retirement account and 1.25% is posted to the Health Insurance Fund that subsidizes the cost of health insurance for retired members and their spouses.

Contributions are required to be remitted in full for any month in which the member was in service on the first working day of the month or terminated service on or after the first working day on the month. For example, a member who began service on October 6th and terminated service on May 8th must have retirement contributions deducted from his/her pensionable salary for the period November 1st to May 31st (7 months) based on the annual salary being paid to the member.

In most cases a member's salary will remain constant during the school year and the monthly rate of contributions can be readily determined and programmed into your payroll system. Occasionally salaries may be changed either prospectively or retroactively requiring that you recompute the proper level of contributions based on the revised salary.

State law requires that 7.25% of the annual salary for all members of the Teachers' Retirement System be paid into the retirement fund as mandatory contributions. Although these are employee contributions, under the provisions of Section 414(h)(2) of the Internal Revenue Code, they are treated as employer contributions for federal tax purposes. This change in tax treatment of the contributions became effective July 1, 1991. This means that the mandatory contributions are paid to this system on a pre-tax basis during the term of a member's employment and are therefore excluded from a member's current gross income.

All members of the Teachers' Retirement System, without exception are covered by the employer pick-up plan. If any retirement deductions are due on wages paid to school system's professional employees, those deductions must be picked-up by the employer. Both state and federal law are clear on this and no exception or individual election is possible. The validity of the plan and the continued sheltering of retirement contributions from current income tax liability are contingent on the uniform application of the plan's provisions to every member.

Employer Pick-Up Example:

Contractual Salary	\$40,000.00
EPU Salary Reduction	
For Mandatory Contributions (6%, 1.25%)	\$ 2,900.00
Member's Taxable Income	\$37,100.00

The employer will report the contractual salary to CTRB since for retirement purposes, the employer contribution of \$2,900.00 is considered part of the member's salary.

Tax Sheltered Annuities

Employee mandatory contributions to the Teachers' Retirement System are considered *employer* contributions for determining maximum contributions to a Tax Sheltered Annuity (TSA) IRC 403b. Because these employee contributions are pre-tax, the employee's taxable wages are reduced. Thus, unless the current maximum dollar limitation already applies, the lower taxable wages will reduce an employee's allowable contributions to the TSA based upon the maximum percentage tests.

The contributions to the Retirement System that are "picked-up" are not applied directly to the annual contribution that may be made to a TSA. They do, however, have an impact on determining the includible salary on which the annual TSA amount is determined. In the previous example, the member's annual salary of \$40,000.00 is reduced by the amount of the picked-up contributions of \$2,900.00. For purposes of determining the maximum TSA, contribution, the percentage maximum is applied to the includible salary of \$37,100.00 (\$40,000.00 - \$2,900.00).

W-2 Reporting By School Districts for EPU Contributions

As an employer you are required to issue wage and earnings statements (Form W-2) to each employee who received compensation during the calendar year. The IRS form requires that you indicate whether the individual was an active participant (for any part of the year) in a pension plan. This information is required by the IRS and the taxpayer to determine IRA deduction rules. The IRS defines, in part, an employer retirement plan as plan established for its employees by a federal, state, or local government, or any of their political subdivisions or agencies. Although local school districts, as employers, do not sponsor or maintain a retirement plan directly for teachers, it appears that an individual's active participation in a governmental plan such as the Teachers' Retirement System for any portion of the calendar would require a positive response to this item on IRS Form W-2.

To assist local school districts in preparing IRS Forms W-2 Wage and Tax Statement the following information will be useful:

1. The gross salary of each teacher should be reduced by the amount of the 7.25% mandatory contributions "picked-up" by the employer. Since the contributions picked up by the employer are not included as gross income, they are not to be reported in Box 1 of the IRS Form W-2.
2. The amount of contributions which are "picked-up" by the employer are treated as Social Security wages and subject to the FICA Medicare Tax for those teachers subject to such tax.
3. The amount of the contributions "picked-up" by the employer are not to be reported with TSA contributions (Section 403b), Deferred Compensation Plans (Section 457), or Profit Sharing Plans (Section 401(k)(6)).

We must again emphasize that the contributions paid by the employer under a 414(h)(2) arrangement are independent of the allowable limits imposed for TSA (403)(b) contributions. The only effect of the 414 (h)(2) for the payment of mandatory contributions by the employer is to reduce includable income on which the TSA limits may be based.

For further information, it is suggested that you contact the IRS office in your locality.

Employer Pick-up Questions and Answers

What is an employer pick-up plan?

Under provisions of the IRS Code Section 414(h)(2), an employer can assume the responsibility for the payment of required employee retirement contributions. The payment of these contributions by the employer is in lieu of salary and is intended to reduce the employee's gross income on Form W-2 thereby resulting in generally more favorable tax treatment during the employee's working years.

Is participation by a local school district or an individual mandatory or elective?

Mandatory. Beginning July 1, 1991, all school districts and all teachers eligible for participation in the Teachers' Retirement System must be covered by this program.

Can you give us an example of how this change will affect a member's gross income on IRS Form W-2?

Under the employer pick up plan, a teacher earning \$40,000.00, the employer would assume the payment of the mandatory 7.25% contributions of \$2,900.00, thereby reducing the teacher's reportable gross income from \$40,000.00 to \$37,100.00.

Are the contributions, which are picked up by the employer subject to the FICA Medicare tax for those employees, required to contribute to Medicare?

Yes. The amounts of contributions, which are picked up by the employer, are treated as wages and subject to the Medicare tax.

Are the amounts, which are, picked up by the employer reported on the W-2 in the same manner as section 403(b) or section 457 (Deferred Compensation) contributions?

No. Unlike 403(b) and 457 contributions, the contributions picked up are treated as an employer contribution to the plan and are not included on the W-2 Form (Box 17).

What effect if any will this plan have on the amount a teacher may contribute to a tax sheltered annuity 403 (b)?

Since the net affect of the employer pick up plan results in a salary reduction, this may have an impact upon the determination of the maximum amount an employee may contribute to his/her tax-sheltered annuity. It should be made clear that the amount paid by the employer under the pick up plan is not directly applied as a dollar for dollar offset to the maximum amount that may be contributed under a tax sheltered annuity.

EPU Questions and Answers Continued

Since this new program will have an effect of reducing a member's salary, won't this change reduce the average salary on which the member's retirement benefit will be calculated?

No. For purposes of determining a member's retirement benefit, the total reduced salary plus the employer contributions will be used to determine the member's highest three-year average salary.

If a member makes voluntary contributions in excess of the mandatory contributions are these contributions eligible for the same treatment as the employer pick up contributions?

No. Voluntary contributions are not eligible for this treatment and must be reported as "after-tax" contributions to the plan. Therefore, they cannot be deducted from the member's gross income.

Does the same rule apply if a member is purchasing service through a monthly service purchase contract?

Yes. These payments are not considered, as mandatory contributions paid by the employer and as such cannot be deducted from the member's gross income.

How will these contributions be reported for tax purposes when a teacher terminates and withdraws his/her account balances?

The amounts paid by the employer under this plan and accrued interest on these amounts will be considered as taxable income in the year in which the contributions are withdrawn and will be reported to the member on IRS Form 1099R. Contributions which are paid by the member on an "after tax" basis are not considered as taxable income; however, the interest earned on these contributions will be considered as taxable income.

How will pre and post employer pick-up contributions be treated when a member retires and begins receiving a retirement benefit?

The member's cost basis for determining the non-taxable portion of the retirement benefit will be based on the amount actually contributed by the teacher on an after-tax basis. Teachers whose entire account balance consists of employer pick-up contributions and related interest will be taxed on the full amount of their retirement income.

VOLUNTARY CONTRIBUTIONS

For updated information on this topic, obtain the Voluntary Account Bulletin from our website @ www.ct.gov/trb.

Purpose

Members may choose this vehicle as a convenient savings program to accumulate the necessary funds to buy additional credited service (military service, out of state teaching service, leaves of absence, etc.), to provide for a lump sum payment at retirement, or to purchase an additional annuity payment.

Authorization

Members may initiate voluntary contributions by completing **Form TRB-81 Voluntary Additional Retirement Authorization and Cancellation** according to the instructions indicated on the form. Deductions must be in whole dollar amounts and may be increased, decreased or cancelled at any time by the member filing a new TRB Form 81 with his/her employer. **Voluntary deductions are made on an "after-tax" basis only.**

Interest

Voluntary deductions are credited with interest on June 30th of each year at the same rate of interest credited on mandatory contributions. The rate of interest to be credited is determined annually by the Teachers' Retirement Board and is applied to the previous June 30th balances. For example, voluntary contributions made during the 1998-1999 school year would first have credited interest applied on June 30th, 2000 based on the June 30, 1999 balance.

Payment/Distribution

The voluntary deductions will be paid in full with regular interest to the date of withdrawal under the following conditions:

- While you are actively teaching (limited to one withdrawal as an active member).
- While you are actively teaching to purchase additional credited service (e.g. military, out-of-state teaching etc.)
- Upon your termination from public school teaching in Connecticut.
- On death before retirement to your designated beneficiary.
- At retirement either:
 - a) as a lump sum
 - b) as an additional annuity payment
 - c) to purchase additional credited service

Taxability

At the time of withdrawal, the after-tax deductions will not be considered taxable income. The interest accrued on these deductions, however, will be considered as taxable income in the calendar year in which the lump sum is made. At the time of retirement, if a member elects to apply their voluntary deductions towards the purchase of additional service credit or as additional monthly annuity, the after-tax portion will be added into the "investment in contract" for purposes of determining the portion of the monthly benefit that is non-taxable.



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
21 GRAND STREET HARTFORD, CT 06106

In CT 1-800-504-1102 (860) 241-8400 Fax (860) 525-6018

www.ct.gov/trb

**VOLUNTARY ADDITIONAL RETIREMENT DEDUCTION AUTHORIZATION AND CANCELLATION
(TRB -81)**

FROM: _____
Member Name Account Number

TO: _____
Employing Board of Education

GENERAL INFORMATION

As a member of the Teachers' Retirement System you may voluntarily authorize deduction from your salary in addition to the total compulsory retirement contribution (6% regular contribution + 1.25% supplemental contribution).

The voluntary deductions will be paid in full with regular interest to the date of withdrawal under the following conditions:

- While you are actively teaching (limited to one withdrawal as an active member).
- While you are actively teaching to purchase additional credited service (e.g. military, out-of-state teaching etc.)
- Upon your termination from public school teaching in Connecticut.
- On death before retirement to your designated beneficiary.
- At retirement either:
 - a) as a lump sum
 - b) as an additional annuity payment
 - c) to purchase additional credited service

DEDUCTIONS

Deductions must be in whole dollar amounts and may be increased, decreased, or cancelled at any time by filing a new form TRB-81 with your employer.

TAXABILITY

Voluntary deductions are made on an "after-tax basis" only. At the time of withdrawal, the after-tax deductions will not be considered taxable income. The interest accrued on these deductions, however, will be considered as taxable income in the calendar year in which the lump sum is made. At the time of retirement, if a member elects to apply their voluntary deductions towards the purchase of additional service credit or as an additional monthly annuity, the after-tax portion will be added into the "investment in contract" for purposes of determining the portion of the monthly benefit which is non-taxable.

MEMBER AUTHORIZATION OR CANCELLATION

I hereby authorize I hereby cancel

Additional voluntary payroll deductions of \$ _____ monthly from my salary effective ____/01/_____.

Member Signature Date

The Board of Education should forward a copy of this completed form to CTRB once election has been processed.

SERVICE PURCHASE CONTRACTS

A member may elect to purchase prior Connecticut teaching service or back deductions while an active member of the system with a service purchase contract.

Service Purchase Contract Authorization

A member who is eligible to purchase service through a service purchase contract will be provided with the following:

1. Letter outlining the amount of service purchasable, lump sum payment amount, monthly service purchase payment options and amounts with starting and ending dates.
2. Service Purchase Contract - TRB Form 70 Authorization for Extra Retirement Deductions.

If a member chooses to pay for his/her credit with a monthly service purchase contract, the completed TRB Form 70 must be forwarded to the employer by the date specified.

Reporting of Monthly Service Purchase Contract

Each month you will be required to report those members who are making service purchase contract payments on your monthly remittance of retirement deductions. The deductions from the member's salary are done on an "after-tax" basis. This can be done electronically from your payroll system or by using TRB Transmittal Reporting Software.

Service purchase contract payments will not be established for less than a period of ten (10) school months nor more than one-hundred (100) school months in duration. A member may pre-pay the balance due on the account at any time by contacting the Service Credits Division of the Retirement Board at (860) 241-8428.

Credit is not granted to a member until the service purchase contract is completed. If a member fails to complete the service purchase contract, the funds may be retained by the member in his/her account, refunded directly to the member or pro-rated to purchase partial credit.

Changes/Modifications

With the exception of a member requesting a termination of their monthly service purchase contract payments, no changes should be made to the monthly amount of the service purchase contract payment without written authorization from the Teachers' Retirement Board. Members may not increase or decrease the amount of the service purchase contract payment unless authorized to do so by the Retirement Board.

Service Purchase Contracts continued

If a member terminates a service purchase contract arrangement for any period of time, he/she may not re-establish the service purchase contract until contacted by the Retirement Board and advised of the revised service purchase contract schedule.

Transfers

Members who have transferred to a school district from another school district must re-submit their completed TRB 70 to the new employer in order to maintain continuity in their service purchase contract agreement.

Contact the Service Credit Division of the Teachers' Retirement Board for assistance at (860) 241-8428.

DUTIES OF EMPLOYERS

As employers you have certain responsibilities and duties which are specified by law to ensure proper administration of the Retirement System.

These duties are as follows:

- Providing notice prior to the employment of a teacher of the provisions of the Teachers' Retirement Act.
- Distributing, posting, or otherwise disseminating in a timely manner, to teachers in its employ, any notices, bulletins, newsletters and other information supplied by the Board for the purpose of notifying teachers of their rights and obligations under the System.
- Furnishing the Board such reports and information deemed necessary for the proper administration of the System.
- Deducting each month seven and one-quarter percent of one-tenth of a teacher's salary rate as directed by the Board and any voluntary deductions as authorized by the teacher.
- Transmitting to the Board amounts deducted from teachers' salaries, and related transmittals, so that the Board receives them no later than the fifth business day of the following month.
- Reporting changes in active members' demographic information such as name, address, etc. to the Board via the transmittals.
- Provide Form SSA - 1945, Statement Concerning your Employment in a Job Not Covered by Social Security, to employees hired on or after January 1, 2005 in a job not covered under Social Security. Employers should give the statement to the employee prior to the start of employment; obtain the employee's signature on the form; and submit a copy of the signed form to the Teachers' Retirement Board.

REPORTING MANDATORY/VOLUNTARY CONTRIBUTIONS

For updated information and instructions, visit the Employer Page of our website @ www.ct.gov/trb.

BENEFICIARY DESIGNATIONS

The Retirement System is structured to ensure that upon the death of an active member, the survivors of such member will be eligible to receive monthly benefits. Coverage for eligible survivors (spouse, minor children under the age of 18, or dependent parents) begins immediately upon the establishment of membership.

Connecticut Statutes require that monthly benefits be paid to statutory survivors before any balance is paid to a designated beneficiary.

It is essential that new members or reinstated members complete an **Active Teacher Beneficiary Form** immediately upon entering service. This form must be forwarded to the Teachers' Retirement Board.

If the member fails to designate a beneficiary, the member's Estate will be recognized as the designated beneficiary.

Members who wish to modify their beneficiary designation or designate multiple beneficiaries must complete and return an Active Teacher Beneficiary Form.

A beneficiary designation, submitted on the official Form TRB-34, must be filed with the Teachers' Retirement Board prior to the member's death in order to be legally recognized.

A supply of Active Teacher Beneficiary Forms should be available in all payroll/personnel offices.

ADDRESS/NAME CHANGES

Changes of name and/or address should be reported to the Retirement Board via the Transmittal File. It is important that this office be apprised of new member demographic data as soon as possible.

Annual Statements and Newsletters

Each member will receive an Annual Statement of Benefits each year which will reflect the activity that occurred on their account during the previous school year. Member statements will be issued directly to the individual member's home address on file with the Teachers' Retirement Board.

Periodically, the retirement system publishes a newsletter, The TRIB. This newsletter contains articles of interest to members of the Teachers' Retirement System and is sent to the local school districts for distribution.

CURRENT LEAVE OF ABSENCE

The Teachers' Retirement Act gives a member the opportunity to purchase retirement credit for a formal leave of absence granted by the employing board of education.

An absence due to illness for which a member is receiving accrued sick leave as provided by Section 10-156 of the Connecticut General Statutes is not considered as a leave of absence.

As the employer, you have the responsibility of advising members of their right to continue membership during the leave and for the prompt reporting of their status.

A member may elect to pay the monthly mandatory contributions while on the approved leave of absence for a total of ten (10) school months during his/her career for any leave occurring on or after July 1, 1986.

A TRB Form 53X must be completed by the employer and forwarded to the Retirement Board a minimum of two months prior to the effective date of the approved leave. Upon receipt of this form, CTRB will notify the member of the amount due and payment options. The amount due will be the 7.25% mandatory contributions based on the full-time annual salary rate he/she would have received if actively employed.

The member will have the following payment options:

- Equal monthly payment during the ten school months in which the leave began
- OR
- In a lump sum at any time during the ten school months in which the leave began

The payment must be completed by the last day of the approved leave period in order to be purchasable in this method.

The salary paid or which would have been paid while the member was on leave may not be used in determining the final average salary for purposes of computing retirement benefits.

Documentation Required: **Current Leave Form** (TRB Form 53X)

DOCUMENTATION OF SERVICE CREDIT FOR MEMBERS

Members may elect to purchase authorized service credit to increase their monthly pension benefit. Documentation of such service must be done on the appropriate form(s) and be submitted to this office PRIOR to the effective date of retirement in order to be considered.

As the employer, you will be asked by members to provide certification of **certain** types of service based on your local school district's records.

Substitute Service

Section 10-183e(10) of the Teachers' Retirement Act allows the purchase of prior Connecticut public school teaching service for members who render a minimum of forty (40) or more days of service as a substitute teacher in a single school system in a single school year. A month of service shall be granted for each twenty (20) days of service as a substitute teacher.

Proof of certification for the period covering the time that the substitute teaching service was performed is required. Acceptable evidence includes the following:

1. Copy of the Connecticut Teacher's Certificate held by the member at the time of the substitute assignment.
2. Substitute Teaching Certification Statement completed by the Board of Education attesting to the fact that it was the practice of such Board to employ only substitute teachers under a Substitutes' Permit formerly issued in accordance with Regulation 10-145a-66.

Documentation Required: **Substitute/Less than Half-Time Employment Form** and Certification

Less than Half-Time Connecticut Public School Teaching

If a member worked for the full year (on a less than 50% basis), current law allows for the purchase of such service providing it meets the minimum requirements stated for substitute teaching service.

The equivalent of a minimum of forty (40) or more days of service in a single school system in a single school year is required. A month of service shall be granted for each twenty (18) days of service.

Proof of certification for the period covering such assignment is required.

Minimum Requirements:

- Minimum FTE .2223 for entire school year
- Minimum 200 hours

Documentation Required: **Substitute/Less than Half-Time Employment Form** and Certification

Previous Leave of Absence

Under current laws and regulations, a formal leave of absence not purchased through the payment of monthly mandatory contributions or leaves of absence in excess of ten school months may be purchased by the member at the time of retirement as additional credited service subject to the limitations stated below:

- Not more than ten months (1 year) for each five years of active full-time service as a Connecticut teacher.
- Not more than thirty consecutive school months (3 years)
- The member must return to service for at least one school year following the leave of absence.

Documentation required: **Previous Leave of Absence Form**

Special Rules for Absence due to Maternity

There are Special Rules for Absence due to Maternity when a school district did not grant maternity leaves of absences and required the teacher to resign her position.

The Teachers' Retirement Board will permit a member to purchase up to ten months (1 year) of additional credit at the time of retirement provided **all** of the following conditions were met:

1. A leave of absence policy or contractual provision did not exist for the granting of maternity leaves of absence.
2. The member was required to resign her position during the term of her pregnancy.
3. The member submits a copy of the birth certificate of the child resulting from this pregnancy and a completed TRB Form 53M.

This policy is not applicable if the employer granted leaves of absences due to maternity and the member failed to apply for such leave.

Documentation required: **Special Rules for Absences Due to Maternity Form** and Copy of child's birth certificate

REFUND PROVISIONS

For updated information on this topic, obtain the [Withdrawing Your CTRB Member's Deposits Packet](http://www.ct.gov/trb) from our website @ www.ct.gov/trb.

Employer Requirements

The Application for Withdrawal of Member's Deposits must be completed by the member and **signed by the superintendent of schools** attesting to the effective date of termination and the date through which mandatory contributions were remitted.

Refunds cannot be issued until the final deductions are reported to the Retirement Board.

RETIREMENT APPLICATION PROCEDURE

Members who have announced plans to retire should be advised to contact the Teachers' Retirement Board immediately for a **retirement packet** of forms, instructions and information.

Although the responsibility of filing for retirement rests with the member, we ask your assistance in making sure each member completes the application process in a timely manner.

Filing Date

We recommend that members file their required forms and documents with this office four to six months before their effective date of retirement.

By law, all required forms and documents must be filed (or postmarked) with the Teachers' Retirement Board on or before the last day of the month *preceding* the month in which the retirement benefit is to become effective.

Member Requirements

All of the following items must be submitted **prior** to the member's effective date of retirement:

- 1. Application for Retirement**
2. Member's Birth Certificate (photocopy)
3. Co-Participant's Birth Certificate (if electing Plan D)

If a member is unable to obtain a birth certificate, he/she should contact the Teachers' Retirement Board for instructions and forms necessary to document the date of birth.

DISABILITY ALLOWANCE

An active member of the system who becomes disabled may be eligible for disability benefits.

In order to qualify for a disability allowance, a member must:

1. Be certified as disabled by the CTRB Medical Review Committee. This panel of qualified physicians will review the all information submitted by the member and the member's personal physician(s).
2. Have five years of credited service in the public schools of Connecticut, unless the disability was as a result of a sickness or injury that occurred while performing his/her duties as a teacher.

Members considering applying for a Disability Allowance should be advised to contact this office immediately for a Disability Application and specific filing rules, requirements and information.

POST RETIREMENT EMPLOYMENT

For updated information on this topic, obtain the Post Retirement Bulletin from our website @ www.ct.gov/trb.

THE CONNECTICUT EARLY RETIREMENT INCENTIVE PLAN (ERIP)

For updated information on this topic, obtain the Early Retirement Incentive Plan (ERIP) Packet from the Employer Page of our website @ www.ct.gov/trb.